

CIF

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PRESS COPY

Canada's Original Mutual Fund

38th Annual Report 1970.



DIRECTORS

Graham F. Towers, C.C., C.M.G., *Chairman*

David W. Barr

Henry Borden, S.M., C.M.G., Q.C.

Hugh Bullock, K.B.E.

Alan Chippindale

Norris R. Crump

G. Blair Gordon

G. Arnold Hart, M.B.E.

William S. Kirkpatrick

Lucien G. Rolland

Custodian

The Royal Trust Company
Montreal

Transfer Agents

The Royal Trust Company
*Vancouver, Calgary, Regina, Winnipeg, Toronto,
Montreal, Charlottetown*

The Trust Company of New Jersey
Jersey City

Auditors

Price Waterhouse & Co.
Montreal



Supervised by :

CALVIN BULLOCK
LTD.

Established 1894

CANADIAN INVESTMENT FUND, LTD.

38th ANNUAL REPORT for the fiscal year ended December 31, 1970

TO THE SHAREHOLDERS:

It is a pleasure to report to CIF shareholders on their Company's thirty-eighth year serving investors in Canada and many other parts of the world.

CIF's performance in 1970 was very gratifying, and was once again one of the best in the industry. Shareholders received the same record high dividends totalling 17 cents per share as in the previous year. Canadian stock markets declined in 1970 but your Company was one of the few funds to show an increase in net asset value adjusted for dividends paid: CIF rose 2.7%. Moreover your Company's total operating expense ratio of only 0.49% remained the lowest of any incorporated mutual fund sold publicly in Canada.

As measured by the Standard & Poor's and MSE industrial indices, the U.S. Market declined 0.5% and the Canadian Market 5.2% in 1970; before adjusting for dividends received, CIF's net asset value declined 1.0%. By the same yardsticks, the Canadian Market gained 84.7% for the decade through 1970 and the U.S. Market 64.1%; the less broadly based but widely quoted U.S. Dow Jones Industrial Average performed less well.

The chart inside the back cover shows how, year after year, going back to the Fund's inception in 1932, adherence to its often restated policy of investing primarily in carefully selected high grade, dividend paying Canadian common stocks has continued to increase CIF's value as an investment medium.

HIGHLIGHTS

| YEAR ENDED DECEMBER 31 | 1970 | 1969 |
|-----------------------------------|---------------|---------------|
| Total Net Assets | \$166,316,038 | \$171,899,291 |
| Net Asset Value Per Share | \$4.42 | \$4.47 |
| Cost of Investments | \$ 95,230,865 | \$104,671,667 |
| Market Value of Investments | \$147,840,566 | \$161,750,152 |
| Balance of Realized Profits | \$ 45,403,794 | \$ 42,704,912 |
| Unrealized Profits | \$ 52,609,701 | \$ 57,078,485 |
| Shares outstanding | 37,564,727 | 38,426,664 |
| Total Dividends Paid | \$ 6,443,871 | \$ 6,666,245 |
| Dividends Paid Per Share | 17¢ | 17¢ |

Purchases of shares were made during the year by individual investors, large and small, both in Canada and overseas, by prominent employer pension funds, by corporations and by a variety of institutions. It is a pleasure to welcome these new shareholders and to assure all shareholders that every effort will be made to provide a satisfactory investment experience.

Detailed information on the Company's position and operations during the past year, as well as brief reviews of its long-term history and record appear in this report. Also presented, on behalf of the Board of Directors, are complete financial statements for the fiscal year 1970, the Auditors' Report, a full list of investments and changes, and tax information.

We hope you will find this report of interest and would be happy to have the opportunity to answer any questions shareholders may have.

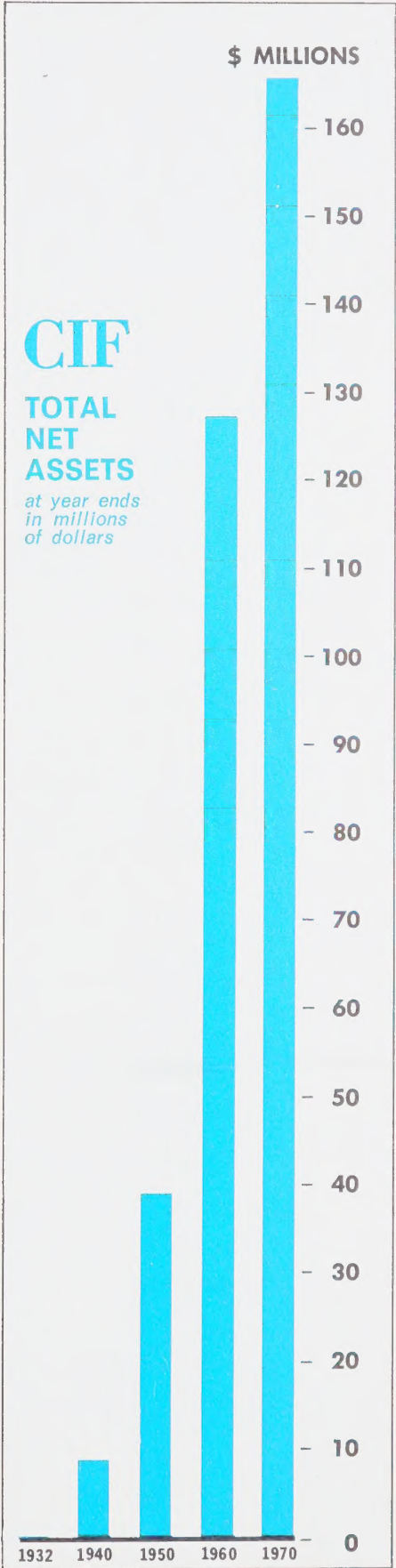
By order of the Board of Directors

Hugh Bullock

President

- Shareholders are to be found in every province of Canada as well as many other parts of the world, and include a wide variety of individuals and organizations.
- CIF total cumulative shareholder benefits exceeded the Fund's net assets at the end of 1970. The total of more than \$200,000,000 was made up of over \$104,000,000 in cash dividends paid, a balance of profits realized on investments exceeding \$45,000,000, and unrealized profits of over \$52,000,000.
- Despite continuing rising costs of doing business, your Company's total operating expense ratio was only 49/100ths of 1% of average net assets. This is unusually low by industry standards.

The Fund's growth since its inception in December 1932 is shown graphically at right



INVESTMENT SUPERVISION

Your Company's investments are continuously supervised by Calvin Bullock, Ltd., founded in 1894, the oldest organization in North America specializing in the management of investment companies. Assets under its supervision at year end exceeded \$850 million.

THE DIRECTORS OF CANADIAN INVESTMENT FUND, LTD.

The Directors of your Company are elected by the shareholders. They receive reports weekly showing portfolio changes, sales and redemptions of shares and other pertinent operating figures. At regular quarterly meetings they review portfolio transactions and set overall investment policy for the ensuing quarter based on recommendations of the Investment Supervisor.

The individual Directors are also constantly available to the Investment Supervisor to hold discussions and provide opinions concerning their particular fields of business endeavour, as well as domestic and world developments affecting the trend of economic and financial affairs.

On the opposite page you will find the names of the Directors including a brief summary of their background and affiliations.

THE BOARD OF DIRECTORS



Graham F. Towers, C.C., C.M.G., Chairman. Original head for 20 years, Bank of Canada, Director, Canada Life Assurance Company, Acturus Investment and Development Ltd., Moore Corporation Limited.



Hugh Bullock, K.B.E., President. Chairman & Chief Executive Officer, Calvin Bullock, Ltd., New York and Chairman or President of other investment companies under Calvin Bullock supervision. A pioneer in the investment company industry with over 40 years of investment experience.



David W. Barr, President and Director. Moore Corp. Limited; Director, F.N. Burt Co. Inc., Devam Inc., Dominion Paper Box Co. Ltd., The Dominion Insurance Corporation, Moore Business Forms, Incorporated.



Henry Borden, S.M., C.M.G., Q.C., Chairman. Canada Security Assurance Company; Director, Bell Canada, Brascan Limited, I.B.M. Canada, Massey-Ferguson Ltd, Rio Algom Mines Ltd.



Alan Chippindale, Former President, Calvin Bullock, Ltd., Montreal, and an executive officer of CIF from inception in 1932. A mutual fund industry leader in Canada for over 35 years. Founding past President of The Canadian Mutual Funds Association.



Norris R. Crump, Chairman, Canadian Pacific Railway Company; Director, Bank of Montreal, Cominco Limited, International Nickel Co. of Canada Ltd., MacMillan Bloedel Limited.



G. Blair Gordon, Director, British America Assurance Co., Domco Industries Limited, The Mutual Life Assurance Co. of Canada, The Western Assurance Co., The Royal Trust Company.



G. Arnold Hart, M.B.E., Chairman and Chief Executive Officer Bank of Montreal; Director, Cominco Ltd., Canadian Pacific Railway Co., The International Nickel Co. of Canada Limited, Sun Life Assurance Co. of Canada.



W. S. Kirkpatrick, Chairman, Cominco Ltd.; Director, Consolidated-Bathurst Limited, Dominion Bridge Co. Ltd., West Kootenay Power & Light Company, The Royal Trust Company.



Lucien G. Rolland, President Rolland Paper Co. Ltd.; Director, Bank of Montreal, Bell Canada, The International Nickel Co. of Canada Ltd., Canadian Pacific Railway Co.

**THE COMMON
STOCK
INVESTMENT
POLICY OF
YOUR
COMPANY**

CIF was incorporated in Canada in 1932 pioneering the Mutual Fund industry in the country. It was designed originally and continues to offer the opportunity for diversified and supervised investment in the Canadian economy.

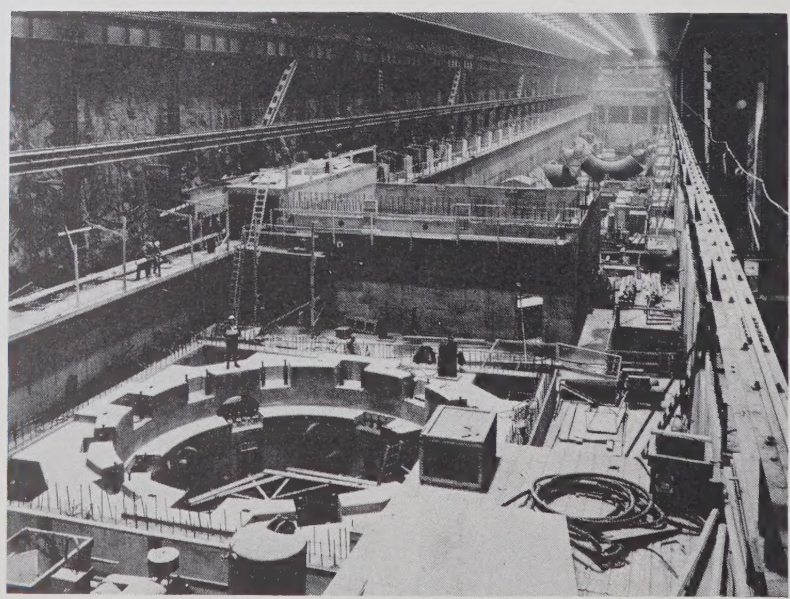
The Fund's objective is to seek a balance between reasonable income and long-term capital growth.

At December 31, 1970 CIF owned common stocks of 33 Canadian Corporations and 6 U.S. Corporations operating in more than a dozen different industries. The principal concentration of investments was in companies engaged in the production or processing of Canada's rich natural resources and in the financial and food and beverage industries. The petroleum group accounted for 14.60% of assets, the public utility group which included natural gas 12.12%, mining and heavy industry 9.13% and banks and other financial 17.90% of net assets.

Shown below are the ten largest individual common stock holdings at December 31, 1970:

| | MARKET VALUE |
|----------------------------|--------------|
| Moore Corporation | \$12,857,500 |
| Hiram Walker | 9,875,000 |
| Interprovincial Pipe | 9,712,500 |
| Industrial Acceptance | 8,437,500 |
| Bank of Montreal | 7,375,000 |
| Royal Bank of Canada | 6,900,000 |
| Union Gas | 6,875,000 |
| General Motors | 6,498,362 |
| MacMillan Bloedel | 5,670,000 |
| Can. Imp. Bank of Commerce | 5,068,125 |

Excavation of the 972-foot long Churchill Falls powerhouse was completed in 1970 and the emphasis this year will be on civil work, particularly concreting operations at turbine-generator units 1 through 4. Concrete embedment of the first units is well underway as shown in this photo. The excavation of the underground powerhouse will have 11 massive generating units of 475,000 kilowatts each for a total capacity of 5,225,000 kilowatts or more than 7,000,000 horsepower. This will make the Labrador plant the largest single-site power producer in the Western World.



A STAKE IN CANADA'S FUTURE

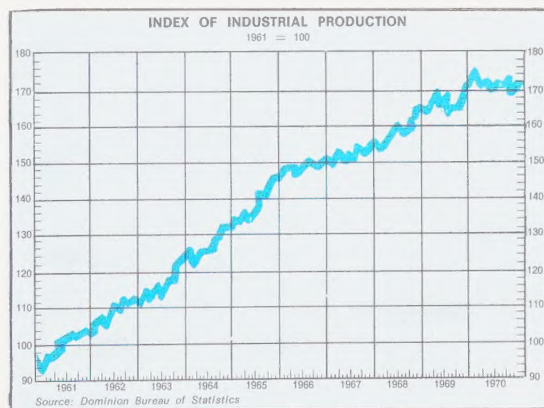
Canadian mutual funds, as well as other investment companies and pension funds, have played an increasingly important role over the past decade in channeling the savings of investors both in this country and overseas into Canadian common stocks. The total value of this portion of the portfolios of Canadian mutual funds alone increased from some \$400 million to over \$1 billion during the decade.

CIF has one of the highest "Canadian content" portfolios in the industry, and will continue to attract investors of all sorts who are interested in owning a stake in Canada's future.

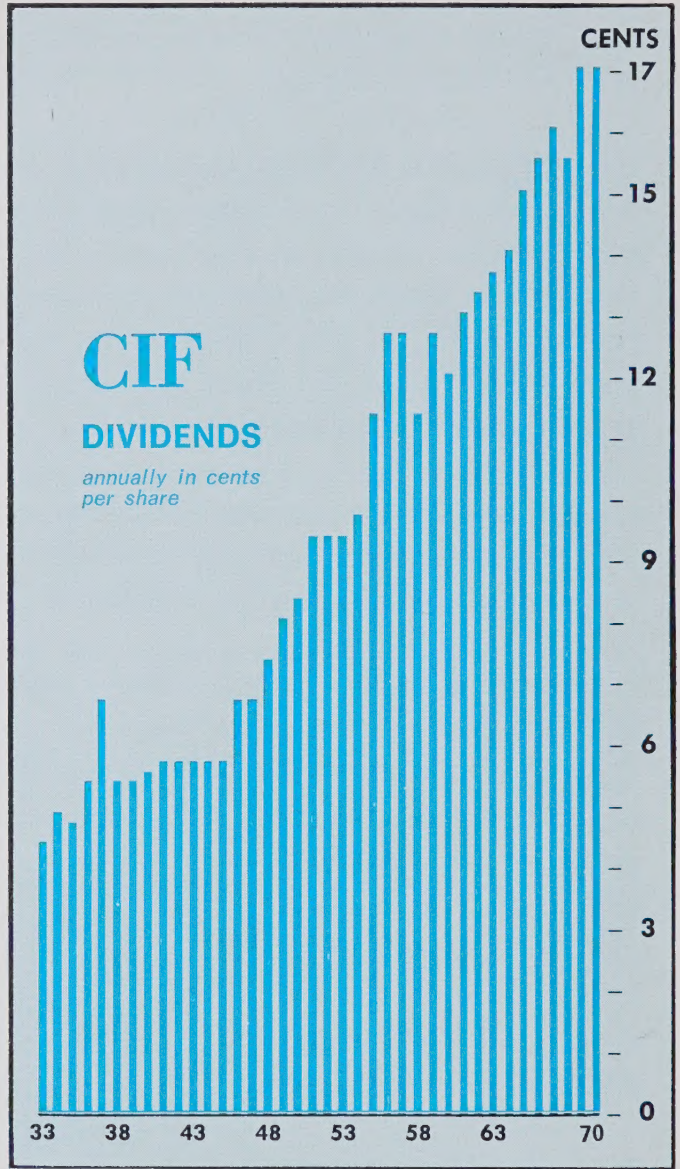
INDUSTRIAL PRODUCTION

Because of the scope, immensity and wealth of its natural resources which make it one of the world's greatest storehouses of strategic materials, the image of Canada is quite often that of a producer and exporter of primary products and industrial materials in relatively unprocessed form. Tremendous changes which have occurred in the country's industrial sector are often overlooked.

Reproduced herein is the latest Index of Industrial Production chart. It covers manufacturing, min-



ing and distribution of gas and electricity accounting for one-third of Canada's total annual output. The volume of industrial output in Canada increased approximately eighty percent in the past decade. The emerging picture is one of expansion and increasing efficiency in many fields of industrial production, providing a broad base of industrial strength as a foundation for further economic growth.



The Fund's steady pattern of growth in dividends paid since its inception is shown graphically at right

CASH DIVIDENDS

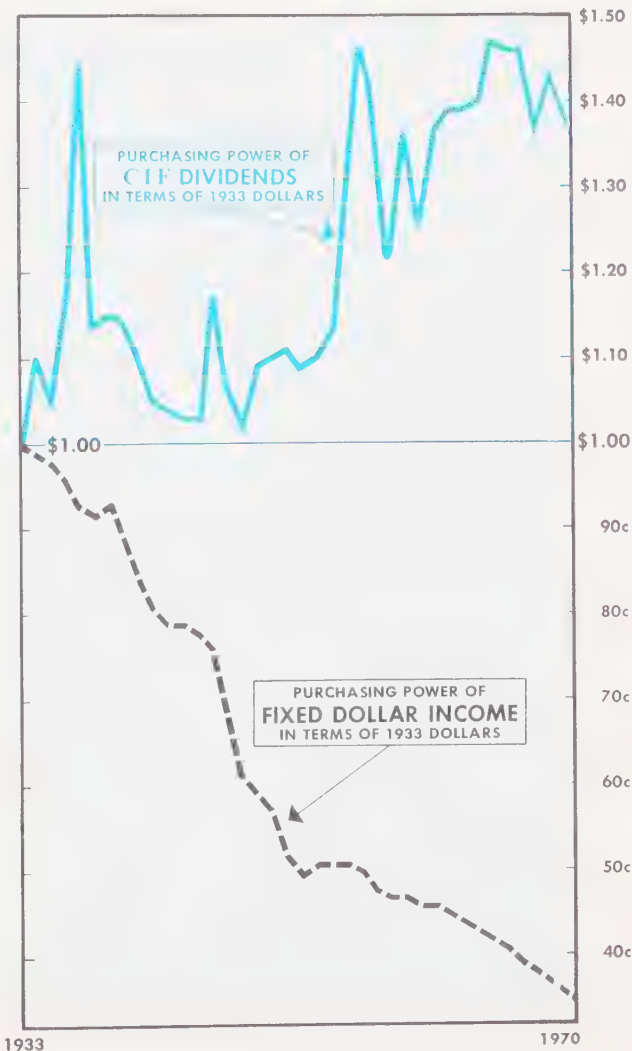
Dividends paid in 1970 totalled 17 cents, the same record amount per share as in 1969. The chart above shows the substantial growth in annual dividends paid by the Fund. At the end of 1970 CIF had paid 151 consecutive quarterly cash dividends totalling more than \$104 million.

Throughout this century the cost of living has risen; economists call this inflation . . . a dollar buys fewer loaves of bread today than it did ten years ago. In the past, the market values of carefully selected common stocks have usually risen more than the cost of living, and so have their dividends.

PROTECTION
AGAINST
RISING
PRICES

Though inflation has reduced the purchasing power of money, CIF shareholders have been protected against rising prices over the Fund's thirty-eight year history, as shown in the chart below. CIF dividends (in terms of 1933 dollars) are compared to the continuous loss in purchasing power of a fixed dollar income over the period.

Moreover, shareholders' capital has been protected from inflation over the same period. For example a \$10,000 investment in CIF at offering price on January 1, 1933 could have been liquidated for \$43,540 at the end of 1970, a capital gain of 335% compared with the 185% rise in the official cost of living index in the period.



1970 IN REVIEW

The main focus of National Policy in early 1970 was the battle against rising prices. The Bank of Canada increased the money supply very little and the federal government was running a small surplus, remedies which probably did more permanent good than all the publicity surrounding the price "guidelines" of the federally appointed Prices and Incomes Commission. By the latter months of the year prices were no longer rising. But for some it seemed a pyrrhic victory, because the rate of unemployment rose and corporations made less profit. While it is true employment was higher than in the preceding year, unemployment was at its highest level in ten years and continued to affect some regions more than others. The bottom line of the 1970 income statements of many Canadian corporations made dismal reading indeed and many investors asked whether enough profit was being generated to attract and keep the capital required to finance future development.

Partly because of the slower rate of inflation in Canada than in many other industrialized nations, Canadian manufactured imports remained competitive and helped to account for a 13% increase in total exports. The merchandise trade surplus for 1970 was almost \$3 billion, the largest in Canadian history. Not surprisingly, there was upward pressure on Canada's foreign exchange reserves and the Government on June 1 was forced to free the Canadian dollar to find its own level in relation to other currencies. The immediate 6% rise in the value of the dollar, though it had the salutary effect of lowering the prices of many imported products, adversely affected some of the large export-oriented industries such as forest products. By late spring the economy was slowing and it became clear that monetary policy had shifted to expansionary, a move that brought with it steeply declining interest rates. The stock market recovered towards the end of the year much of the ground lost in the second quarter and by year end the MSE Industrial Index was registering a decline of only 5.2% from the beginning of the year. The net asset value of CIF declined by 1.0% in the period and rose 2.7% adjusted for dividends.

OUTLOOK

To monetary ease was added, towards the end of 1970, a modestly expansive federal budget, the thrust of which was directed against regional unemployment. Both may work towards a gradual recovery in consumer spending as 1971 unfolds. Significant unused capacity in Canadian plants argues for a low level of business capital expenditures this year and affords many corporations an opportunity to expand production and profits at low incremental cost. The apparently modest level of corporate long-term borrowing and high level of liquidity in the banking system indicates the possibility of continuing low interest rates during the first half of the year.

One of the more important long-term concerns to which Canada must address itself during the current year is the disposition of its natural resources, the value of which has become increasingly recognized both domestically and by other nations. In conclusion, 1971 may well be a year of recovery and provide a potentially rewarding investment experience for those who invest in stocks with strong financial backing.

Over the years mutual funds have developed many and varied services for their shareholders. CIF, as Canada's original mutual fund, has been among the leaders in this respect. One or more of the CIF services outlined below are being utilized by a substantial number of shareholders with estate planning or other definite objectives in mind.

**SHAREHOLDER
SERVICES
DESIGNED
TO MEET
YOUR
INVESTMENT
OBJECTIVES**

■ CIF Growth Plan

This plan is designed for anyone who wishes to make regular periodic contributions in order to build up his investment in CIF and to reinvest his dividends in new CIF shares. There are no penalties involved if the shareholder does not meet his proposed schedule of contributions. A plan in which \$1,000 was invested annually in CIF starting January 1, 1933 with dividends reinvested, could have been liquidated for \$224,067 at December 31, 1970.

■ CIF Retirement Savings Plan

Those who wish to take advantage of the provisions of the Income Tax Act for building retirement savings in which currently tax free dividends are reinvested, can use the CIF Retirement Savings Plan. It allows individuals in Canada to utilize important current tax savings to provide retirement income.

■ CIF Systematic Withdrawal Plan

This plan is designed for the investor who wishes to make a lump sum purchase of shares and later withdraw fixed dollar amounts at monthly or quarterly intervals. The amounts withdrawn are derived from dividend income to the extent this source is sufficient; where it is not, enough shares are sold to make up the difference.

■ Letter of Intent

This permits an investor to make a series of purchases of CIF shares over a 12 month period, frequently permitting the investor to take advantage of a reduced sales charge based on the aggregate dollar amount of purchases during the period.

Full details of these plans are available from any investment dealer in Canada, without obligation.



CANADIAN INVESTMENT FUND, LTD.

INVESTMENT CHANGES

DECEMBER 31, 1969 — DECEMBER 31, 1970

PURCHASES

COMMON STOCKS

| | NET INCREASE | NEW TOTAL |
|---|-----------------|--------------|
| | Shares | Shares |
| Bank of Montreal | 20,000 | 500,000 |
| The Bank of Nova Scotia | 20,000 | 45,000 |
| Banque Canadienne Nationale | 25,000 | 75,000 |
| Bell Canada | 30,000 | 100,000 |
| Dome Mines Limited | 5,000 | 25,000 |
| Dominion Foundries and Steel, Limited | 18,000 | 128,000 |
| Hudson's Bay Company | 80,000 | 80,000 |
| International Business Machines Corp. | 2,500 | 5,000 |
| MacMillan, Bloedel Limited | 10,000 | 210,000 |
| Rio Algom Mines Ltd. | 85,000 | 85,000 |
| Shell Canada Limited | 10,000 | 10,000 |
| Texaco Canada Limited | 50,000 | 50,000 |
| Trans-Canada Pipe Lines Limited | 35,000 | 135,000 |
| Union Gas Company of Canada, Limited | 40,000 | 440,000 |
| Woodward Stores Limited "A" | 19,000 | 105,000 |

BONDS

| | Principal Amount | Principal Amount |
|---|---------------------|---------------------|
| Can. Nat. Railway Co., 3¾% Feb. 1, 1974 | \$ 2,000M | \$ 2,000M |

SALES

COMMON STOCKS

| | NET DECREASE | NEW TOTAL |
|--|-----------------|--------------|
| | Shares | Shares |
| Abitibi Paper Company Ltd. | 210,000 | Nil |
| Consolidated-Bathurst Limited | 25,000 | 100,000 |
| The Consumers' Gas Company | 60,000 | 200,000 |
| Distillers Corporation-Seagrams Limited . . | 37,000 | 30,000 |
| Hudson's Bay Oil and Gas Company Ltd. . . | 11,000 | Nil |
| Imperial Oil Limited | 126,000 | 250,000 |
| The International Nickel Co. of Canada, Ltd. | 47,000 | 83,000 |
| Interprovincial Pipe Line Company | 26,000 | 350,000 |
| Pine Point Mines Limited | 2,000 | 8,000 |
| Simpson's, Limited | 7,000 | 168,000 |
| The Toronto-Dominion Bank | 90,000 | Nil |
| Union Carbide Canada Limited | 50,000 | Nil |
| Westcoast Transmission Company Ltd. . . . | 25,000 | Nil |

PREFERRED STOCKS

| | | |
|---|-------|--------|
| Dominion Textile Company Ltd., 7% | 1,200 | Nil |
| IAC Limited, 4½% | 4,000 | Nil |
| IAC Limited, 5¾% | 6,000 | 54,000 |
| Trans-Canada Pipe Lines Ltd., \$2.75† . . . | 6,200 | 19,400 |

BONDS

| | Principal Amount | Principal Amount |
|--|---------------------|---------------------|
| Gov't of Canada, 3½% May 1, 1970 | \$ 2,000M | Nil |
| Can. Nat. Railway Co., 5½% Dec. 15, 1971 . | 8,000M | Nil |

†Convertible



CANADIAN INVESTMENT FUND, LTD.

INVESTMENTS

AT DECEMBER 31, 1970

COMMON STOCKS

AUTOMOTIVE

| | SHARES | MARKET VALUE† | PROPORTION OF A \$10,000 INVESTMENT* |
|--------------------------------------|--------|------------------|--|
| General Motors Corporation | 80,000 | \$ 6,498,362 | \$ 391 |

BANK

| | | | |
|--|---------|----------------------|-----------------|
| Bank of Montreal | 500,000 | \$ 7,375,000 | \$ 443 |
| The Bank of Nova Scotia | 45,000 | 990,000 | 60 |
| Banque Canadienne Nationale | 75,000 | 1,003,125 | 60 |
| Canadian Imperial Bank of Commerce | 255,000 | 5,068,125 | 305 |
| The Royal Bank of Canada | 300,000 | 6,900,000 | 415 |
| | | <u>\$ 21,336,250</u> | <u>\$ 1,283</u> |

NON-BANK FINANCIAL

| | | | |
|-----------------------|---------|--------------|--------|
| IAC Limited | 500,000 | \$ 8,437,500 | \$ 507 |
|-----------------------|---------|--------------|--------|

CHEMICAL

| | | | |
|---------------------------------------|--------|------------|-------|
| Canadian Industries Limited | 37,000 | \$ 453,250 | \$ 27 |
|---------------------------------------|--------|------------|-------|

FOOD & BEVERAGE

| | | | |
|---|---------|----------------------|---------------|
| Canada Packers Limited | 135,000 | \$ 2,632,500 | \$ 158 |
| Distillers Corporation-Seagrams Limited | 30,000 | 1,500,000 | 90 |
| Hiram Walker-Gooderham & Worts, Ltd. | 250,000 | 9,875,000 | 594 |
| | | <u>\$ 14,007,500</u> | <u>\$ 842</u> |

COMMON STOCKS (Continued)

| HEAVY INDUSTRY | SHARES | MARKET VALUE† | PROPORTION OF A \$10,000 INVESTMENT² |
|---|---------|------------------|--|
| Dominion Foundries and Steel, Limited | 128,000 | \$ 3,056,000 | \$ 184 |
| The Steel Company of Canada, Limited | 150,000 | 4,012,500 | 241 |
| | | \$ 7,068,500 | \$ 425 |
| MINING | | | |
| Cominco Ltd. | 55,000 | \$ 1,313,125 | \$ 79 |
| Dome Mines Limited | 25,000 | 1,437,500 | 86 |
| The International Nickel Co. of Can. Ltd. | 83,000 | 3,786,875 | 228 |
| Pine Point Mines Limited | 8,000 | 240,000 | 14 |
| Rio Algom Mines Limited | 85,000 | 1,338,750 | 81 |
| | | \$ 8,116,250 | \$ 488 |
| PAPER & NEWSPRINT | | | |
| Consolidated-Bathurst Limited | 100,000 | \$ 1,200,000 | \$ 72 |
| Crown Zellerbach Corporation | 10,000 | 311,548 | 19 |
| MacMillan, Bloedel Ltd. | 210,000 | 5,670,000 | 341 |
| | | \$ 7,181,548 | \$ 432 |
| PETROLEUM | | | |
| Imperial Oil Limited | 250,000 | \$ 5,031,250 | \$ 303 |
| Interprovincial Pipe Line Company . . | 350,000 | 9,712,500 | 584 |
| Mobil Oil Corporation | 38,000 | 2,204,802 | 133 |
| Shell Canada Limited | 10,000 | 336,250 | 20 |
| Standard Oil Company (New Jersey) . . | 60,000 | 4,442,398 | 267 |
| Standard Oil Company (Ohio) | 15,000 | 1,169,251 | 70 |
| Texaco Canada Limited | 50,000 | 1,381,250 | 83 |
| | | \$ 24,277,701 | \$ 1,460 |



CANADIAN INVESTMENT FUND, LTD.

INVESTMENTS

AT DECEMBER 31, 1970

COMMON STOCKS (Continued)

| PUBLIC UTILITY | | SHARES | MARKET VALUE† | PROPORTION OF A \$10,000 INVESTMENT* |
|---------------------------------------|---------|--------|------------------|--|
| Bell Canada | 100,000 | \$ | 4,700,000 | \$ 283 |
| The Consumers' Gas Co. | 200,000 | | 3,825,000 | 230 |
| Trans-Canada Pipe Lines Limited . . | 135,000 | | 4,758,750 | 286 |
| Union Gas Company of Canada, Limited | 440,000 | | 6,875,000 | 413 |
| | | | \$ 20,158,750 | \$ 1,212 |
| RETAIL TRADE | | | | |
| Hudson's Bay Company | 80,000 | \$ | 1,180,000 | \$ 71 |
| Simpson's, Limited | 168,000 | | 2,961,000 | 178 |
| Woodward Stores Limited, "A" . . . | 105,000 | | 1,942,500 | 117 |
| | | | \$ 6,083,500 | \$ 366 |
| TEXTILE | | | | |
| Dominion Textile Company Limited . . | 50,000 | \$ | 612,500 | \$ 37 |
| MISCELLANEOUS | | | | |
| Canadian Pacific Railway Company . . | 30,000 | \$ | 2,047,500 | \$ 123 |
| International Business Machines Corp. | 5,000 | | 1,603,148 | 96 |
| Moore Corporation, Limited | 370,000 | | 12,857,500 | 773 |
| | | | \$ 16,508,148 | \$ 992 |
| TOTAL COMMON STOCKS . . . | | | \$140,739,759 | \$ 8,462 |

| PREFERRED STOCKS | SHARES | MARKET VALUE† | PROPORTION OF A \$10,000 INVESTMENT* |
|--|-----------|------------------|--|
| Dominion Glass Company Ltd., 7% Conv. | 15,000 | \$ 260,625 | \$ 16 |
| IAC Limited, 5¾% | 54,000 | 1,275,750 | 77 |
| Texaco Canada Limited, 4% | 738 | 47,232 | 3 |
| Trans-Canada Pipe Lines Limited, \$2.75 Conv. | 19,400 | 1,246,450 | 75 |
| Zeller's Limited, 4½% | 5,000 | 150,000 | 9 |
| Canadian Pacific Railway Company, 4% | \$390,000 | 237,250 | 14 |
| TOTAL PREFERRED STOCKS | | \$ 3,217,307 | \$ 194 |

| BONDS | PRINCIPAL AMOUNT | MARKET VALUE† | PROPORTION OF A \$10,000 INVESTMENT* |
|--|---------------------|------------------|--|
| Government of Canada, 4¼% September 1, 1972 | \$2,000M | \$ 1,981,000 | \$ 119 |
| Canadian National Railway Company, 3¾% February 1, 1974 | 2,000M | 1,902,500 | 114 |
| TOTAL BONDS | | \$ 3,883,500 | \$ 233 |
| TOTAL INVESTMENTS | | \$147,840,566 | \$ 8,889 |
| CASH, ETC., NET | | 18,475,472 | 1,111 |
| TOTAL NET ASSETS | | \$166,316,038 | \$10,000 |

†Investments valued at market quotations. Market values of United States securities are expressed in Canadian funds at the rate of exchange prevailing on December 31, 1970, 29/32% premium on U.S. funds.

*Dollar amount for each security represented by a \$10,000 investment in the Fund at asset value on that date.

CANADIAN INVESTMENT FUND, LTD. (Incorporated under Canada Corporations Act)

STATEMENT OF NET ASSETS (BALANCE SHEET) — DECEMBER 31, 1970

(and comparative figures for 1969)

ASSETS

| | 1970 | 1969 |
|--|----------------------|----------------------|
| Investments at market value (average cost— 1970 — \$95,230,865; 1969 — \$104,671,667) . . . | \$147,840,566 | \$161,750,152 |
| Cash on deposit, demand | 18,319,765 | 10,473,691 |
| Interest accrued and dividends receivable | 701,947 | 732,746 |
| Due by subscriber to capital stock | 48,504 | 30,369 |
| TOTAL ASSETS | <u>\$166,910,782</u> | <u>\$172,986,958</u> |

LIABILITIES

| | | |
|---|----------------------|----------------------|
| Payable in respect of securities purchased | \$ 342,155 | \$ 822,409 |
| Payable for special shares of capital stock redeemed or purchased for cancellation | 85,460 | 77,496 |
| Management and directors' compensation payable | 154,890 | 161,483 |
| Accrued expenses and sundry accounts payable | 10,130 | 7,383 |
| United States withholding tax | 454 | 644 |
| Canadian taxes on income | 1,655 | 18,252 |
| TOTAL LIABILITIES | <u>\$ 594,744</u> | <u>\$ 1,087,667</u> |
| NET ASSETS AT MARKET VALUE | <u>\$166,316,038</u> | <u>\$171,899,291</u> |
| NET ASSET VALUE PER SHARE | <u>\$4.42</u> | <u>\$4.47</u> |

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Special shares of 33⅓ cents each (redeemable on demand by the holders at liquidating value as provided in the Letters Patent of the Company) —

Authorized —

105,000,000 shares of which 36,545,705 (1969 — 34,160,607) have been redeemed or purchased for cancellation from inception.

Outstanding —

37,561,727 shares (1969 — 38,423,664 shares) \$ 12,520,576 \$ 12,807,888

Ordinary shares —

Authorized and outstanding —

3,000 shares of 33⅓ cents each 1,000 1,000

TOTAL CAPITAL STOCK \$ 12,521,576 \$ 12,808,888

SURPLUS, as per statements annexed:

Paid-in surplus \$ 53,856,283 \$ 57,193,921

Earned surplus 47,328,478 44,817,997

TOTAL SURPLUS \$101,184,761 \$102,011,918

UNREALIZED APPRECIATION OF INVESTMENTS \$ 52,609,701 \$ 57,078,485

SHAREHOLDERS' EQUITY AS PER NET ASSETS ABOVE \$166,316,038 \$171,899,291

Approved on behalf of the Board:

G. F. TOWERS, *Director*

ALAN CHIPPINDALE, *Director*



CANADIAN INVESTMENT FUND, LTD.

STATEMENT OF INCOME ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1970

(and comparative figures for 1969)

| INCOME: | <u>1970</u> | <u>1969</u> |
|--|---------------------------|---------------------------|
| Cash dividends | \$5,290,484 | \$5,449,649 |
| Bond interest | 374,243 | 884,650 |
| Interest on cash deposits | 957,989 | 640,704 |
| Proceeds — dividends in stock, and rights . . | 41,843 | 164,330 |
| | <u>\$6,664,559</u> | <u>\$7,139,333</u> |
| EXPENSES: | | |
| Management | \$ 528,842 | \$ 583,076 |
| Transfer, dividend paying agent's and custodian's fees | 55,183 | 58,832 |
| General expenses and auditors' fees . . . | 84,056 | 70,290 |
| Taxes, other than income taxes | 3,576 | 4,730 |
| Legal fees and expenses | 13,456 | 10,705 |
| Directors' compensation | 85,500 | 79,125 |
| | <u>\$ 770,613</u> | <u>\$ 806,758</u> |
| Net income before providing for the items shown below | \$5,893,946 | \$6,332,575 |
| United States withholding and Canadian income taxes paid and provided for | <u>241,325</u> | <u>280,759</u> |
| Net income, exclusive of profit or loss from sales of securities | <u><u>\$5,652,621</u></u> | <u><u>\$6,051,816</u></u> |



CANADIAN INVESTMENT FUND, LTD.

STATEMENT OF DISTRIBUTION ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1970

(and comparative figures for 1969)

| | 1970 | 1969 |
|--|--------------------|--------------------|
| Balance of income account, as annexed . . . | \$5,652,621 | \$6,051,816 |
| Balance of distribution account at beginning of year | 2,146,630 | 2,206,120 |
| Received on subscriptions to capital stock to equalize the per share amount available for distribution on the then outstanding shares (dividends declared are first chargeable against this amount) as provided by resolutions of the Board of Directors | 77,456 | 95,272 |
| Transferred from profits on sales of securities an amount equal to management and directors' compensation charged to income | 614,342 | 662,200 |
| | <u>\$8,491,049</u> | <u>\$9,015,408</u> |
| <i>Deduct:</i> | | |
| Dividends paid — | | |
| Special shares | \$6,443,361 | \$6,665,735 |
| Ordinary shares | 510 | 510 |
| Amounts included in prices of special shares redeemed or purchased for cancellation, equal to the per share portion of income and distribution accounts | 112,301 | 202,533 |
| | <u>\$6,556,172</u> | <u>\$6,868,778</u> |
| Balance of distribution account at end of year | <u>\$1,934,877</u> | <u>\$2,146,630</u> |
| Included in paid-in surplus, annexed | \$ 10,193 | \$ 33,545 |
| Included in earned surplus, annexed | 1,924,684 | 2,113,085 |
| | <u>\$1,934,877</u> | <u>\$2,146,630</u> |



CANADIAN INVESTMENT FUND, LTD.

STATEMENT OF SURPLUS ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1970

(and comparative figures for 1969)

Paid-in surplus:

| | 1970 | 1969 |
|---|----------------------|----------------------|
| Balance at beginning of year | \$ 57,193,921 | \$ 65,188,521 |
| Less: Included in beginning balance of distribution account, annexed | 33,545 | 7,543 |
| | <u>\$ 57,160,376</u> | <u>\$ 65,180,978</u> |
| Proceeds from special shares subscribed for during year, not including portion of subscription price credited to distribution account, annexed | \$ 6,368,229 | \$ 10,349,989 |
| Less: Par value thereof | 507,721 | 788,315 |
| | <u>\$ 5,860,508</u> | <u>\$ 9,561,674</u> |
| | <u>\$ 63,020,884</u> | <u>\$ 74,742,652</u> |

Deduct:

| | | |
|--|----------------------|----------------------|
| Consideration paid on redemption or purchase for cancellation of special shares during year, not including amount charged to distribution account, annexed | \$ 9,969,827 | \$ 19,013,408 |
| Less: Par value thereof | 795,033 | 1,431,132 |
| | <u>\$ 9,174,794</u> | <u>\$ 17,582,276</u> |
| | <u>\$ 53,846,090</u> | <u>\$ 57,160,376</u> |
| Portion of subscription price included in balance of distribution account, annexed | 10,193 | 33,545 |
| Balance of paid-in surplus at end of year | <u>\$ 53,856,283</u> | <u>\$ 57,193,921</u> |

Earned surplus:

| | | |
|---|----------------------|----------------------|
| Net realized profits from sales of securities - Balance at beginning of year | \$ 42,704,912 | \$ 38,266,769 |
| Net realized profits during year | 3,313,224 | 5,100,343 |
| | <u>\$ 46,018,136</u> | <u>\$ 43,367,112</u> |
| Less: Amount transferred to distribution account | 614,342 | 662,200 |
| Balance at end of year | <u>\$ 45,403,794</u> | <u>\$ 42,704,912</u> |
| Portion of balance of distribution account at end of year, annexed | 1,924,684 | 2,113,085 |
| Balance of earned surplus at end of year | <u>\$ 47,328,478</u> | <u>\$ 44,817,997</u> |
| Total surplus at end of year | <u>\$101,184,761</u> | <u>\$102,011,918</u> |

CANADIAN INVESTMENT FUND, LTD.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDING DECEMBER 31, 1970

(and comparative figures for 1969)

| | 1970 | 1969 |
|--|-----------------------|------------------------|
| NET ASSETS AT BEGINNING OF YEAR | \$171,899,291 | \$184,906,477 |
| Add (deduct) changes during year: | | |
| Net investment income | \$ 5,652,621 | \$ 6,051,816 |
| Net realized profits from sales of securities (Note 2) | 3,313,224 | 5,100,343 |
| Increase (decrease) in unrealized appreciation of investments | (4,468,784) | (8,722,420) |
| Proceeds from issue of special shares | 6,445,685 | 10,445,261 |
| Consideration paid on redemption or purchase for cancellation of special shares | (10,082,128) | (19,215,941) |
| Cash dividends paid | (6,443,871) | (6,666,245) |
| | <u>\$ (5,583,253)</u> | <u>\$ (13,007,186)</u> |
| NET ASSETS AT END OF YEAR | <u>\$166,316,038</u> | <u>\$171,899,291</u> |
| | Per Share | |
| Net asset value at end of year | <u>\$4.42</u> | <u>\$4.47</u> |
| Net asset value at beginning of year | <u>\$4.47</u> | <u>\$4.58</u> |
| Distribution out of net investment income (Note 3) | <u>\$0.17</u> | <u>\$0.17</u> |
| Distribution out of realized profits from sales of securities (Note 3) | <u>Nil</u> | <u>Nil</u> |

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1970

NOTE 1:

The number of special shares issued and redeemed or purchased for cancellation are as follows:

| | 1970 | 1969 |
|--|-------------------|-------------------|
| Outstanding at beginning of year | 38,423,664 | 40,352,116 |
| Changes during year: | | |
| Issued | 1,523,161 | 2,364,944 |
| Redeemed or purchased for cancellation | 2,385,098 | 4,293,396 |
| Net increase (decrease) | (861,937) | (1,928,452) |
| Outstanding at end of year | <u>37,561,727</u> | <u>38,423,664</u> |

NOTE 2:

A summary of the net realized profits from sales of securities follows:

| | 1970 | 1969 |
|--|----------------------|----------------------|
| Proceeds from sales of securities | \$ 39,109,436 | \$ 36,482,293 |
| Investments at average cost, at beginning of year | \$104,671,667 | \$110,957,207 |
| Cost of securities purchased | 26,355,410 | 25,096,410 |
| | <u>\$131,027,077</u> | <u>\$136,053,617</u> |
| Investments at average cost, at end of year | 95,230,865 | 104,671,667 |
| Cost of securities sold | \$ 35,796,212 | \$ 31,381,950 |
| Net realized profits from sales of securities | <u>\$ 3,313,224</u> | <u>\$ 5,100,343</u> |

NOTE 3:

Net income per share amounts to 15 cents (1969 — 15½ cents) calculated on the average number of shares outstanding during the year. Amounts available for distribution to shareholders include the above net income and, in accordance with company policy, an additional amount of approximately 1½ cents (1969 — 1½ cents) which is equal to Management and Directors' compensation charged to the income account deemed to have been in effect paid out of profits realized from the sale of securities.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
CANADIAN INVESTMENT FUND, LTD :

We have examined the statement of net assets of Canadian Investment Fund, Ltd., as at December 31, 1970 and the statements of income, distribution and surplus accounts and of changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, including confirmation, by correspondence with the depositaries, of the cash and securities owned at December 31, 1970.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1970 and the results of its operations and the changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.,

Chartered Accountants.

Montreal, January 8, 1971

In the opinion of counsel, shareholders of the Company who were individuals resident in Canada in 1970 will, in determining their income tax liability to Canada, be entitled to take into consideration dividends received from this Company in that year when computing the 20% dividend tax credit permitted under the terms of Section 38 of the Canadian Income Tax Act.

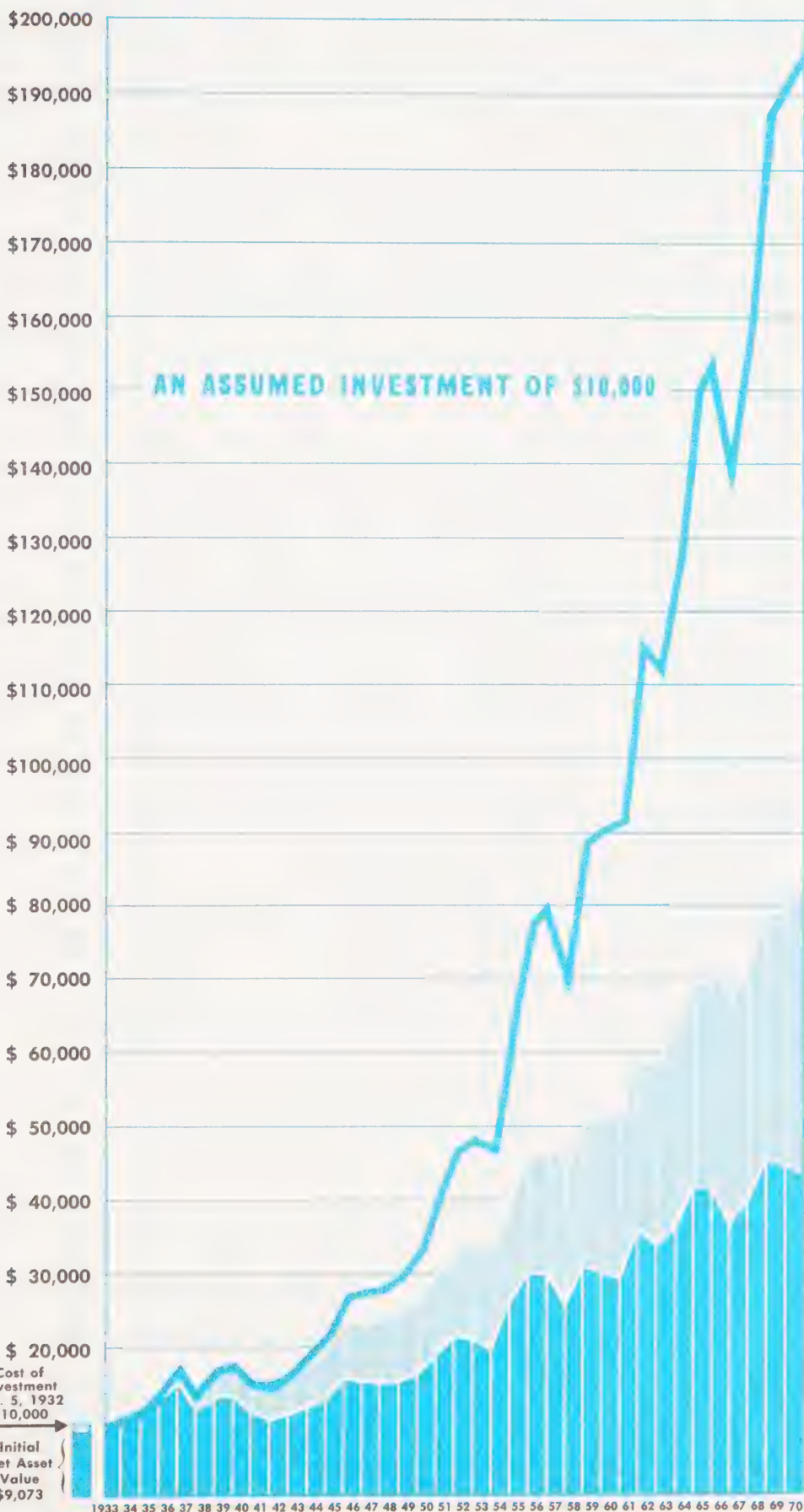
Residents of the Province of Quebec may similarly take such dividends into consideration for the purpose of their Provincial income tax and the 10% net dividend tax credit.

LONG-TERM RECORD

Shareholders may find it interesting to review the chart opposite which illustrates how an assumed investment of \$10,000 made at CIF's initial offering price in December 1932 had grown in the 38 years to the end of 1970. It should be pointed out that the figures make no provision for income taxes, if any, payable by the investor on dividends. Those interested in the long-term benefit accruing from an investment in a mutual fund such as CIF, based primarily on dividend paying quality common stocks, should note the relatively minor fluctuations in the value of the investment from year to year, as well as the long-term results.

CIF

Canada's Original Mutual Fund



\$196,477

TOTAL VALUE
IF ALL DIVIDENDS
HAD BEEN
RE-INVESTED

AN ASSUMED INVESTMENT OF \$10,000

\$81,042

\$36,767
TOTAL
DIVIDENDS
PAID

\$44,275
NET ASSET
VALUE
DEC. 31, 1970

Cost of
Investment
Dec. 5, 1932
\$10,000

Initial
Net Asset
Value
\$9,073

1933 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70

CANADA

*"Upon the whole surface
of the globe,
there is no more spacious
and splendid domain
open to the activity
and genius of free men."*

— SIR WINSTON CHURCHILL

150th Consecutive Quarterly Dividend

Payable August 1, 1970

AR28

A large, stylized red maple leaf graphic that serves as a background for the central text. The leaf is oriented with its stem pointing towards the bottom left.

CIF

PRESS COPY

Canada's Original Mutual Fund

COMMON STOCKS

Shares Held Approx.
Percent.*

AUTOMOTIVE

General Motors Corporation..... 80,000 3.48%

BANK & FINANCE

Bank of Montreal..... 500,000 5.13%
 The Bank of Nova Scotia..... 10,000 .11
 Banque Canadienne Nationale..... 60,000 .47
 Canadian Imperial Bank of Commerce..... 255,000 3.29
 Industrial Acceptance Corporation Limited.. 500,000 4.79
 The Royal Bank of Canada..... 300,000 4.27
 The Toronto-Dominion Bank..... 50,000 .59

18.65%

CHEMICAL

Canadian Industries Limited..... 37,000 .21%
 Union Carbide Canada Limited..... 28,000 .22

.43%

FOOD & BEVERAGE

Canada Packers Limited..... 135,000 1.85%
 Distillers Corporation-Seagrams Limited.... 40,000 1.21
 Hiram Walker-Gooderham & Worts, Limited 250,000 6.82

9.88%

HEAVY INDUSTRY

Dominion Foundries and Steel, Limited..... 110,000 1.44%
 The Steel Company of Canada, Limited..... 150,000 2.17

3.61%

MINING

Cominco Ltd..... 55,000 .78%
 Dome Mines Limited..... 23,000 .90
 The International Nickel Company of Canada,
 Limited..... 100,000 2.64
 Pine Point Mines Limited..... 10,000 .21
 Rio Algom Mines Ltd..... 50,000 .60

5.13%

COMMON STOCKS—Continued

Shares Held Approx.
Percent.*

PAPER & NEWSPRINT

Abitibi Paper Company Ltd..... 210,000 1.09%
 Consolidated-Bathurst Limited..... 100,000 .76
 Crown Zellerbach Corporation..... 10,000 .18
 MacMillan Bloedel Limited..... 210,000 3.31

5.34%

PETROLEUM

Hudson's Bay Oil and Gas Company Limited.. 25,000 .59%
 Imperial Oil Limited..... 387,000 3.94
 Interprovincial Pipe Line Company..... 376,000 5.38
 Mobil Oil Corporation..... 38,000 1.16
 Shell Canada Limited..... 10,000 .17
 Standard Oil Company (New Jersey)..... 60,000 2.30
 Standard Oil Company (Ohio)..... 15,000 .58

14.12%

PUBLIC UTILITY

Bell Canada..... 100,000 2.85%
 The Consumers' Gas Company..... 250,000 2.54
 Trans-Canada Pipe Lines Limited..... 130,000 2.27
 Union Gas Company of Canada, Limited..... 426,000 3.79

11.45%

RETAIL TRADE

Simpsons, Limited..... 168,000 1.79%
 Woodward Stores Limited "A"..... 100,000 1.03

2.82%

TEXTILE

Dominion Textile Company Limited..... 50,000 .35%

MISCELLANEOUS

Canadian Pacific Railway Company..... 30,000 1.07%
 International Business Machines Corporation 4,000 .70
 Moore Corporation Limited..... 370,000 7.27

9.04%

TOTAL COMMON STOCKS.....

84.30%

NTS AT JUNE 30, 1970

PREFERRED STOCKS

Shares Held Approx. Percent.*

| | | |
|--|-----------|--------------|
| Dominion Glass Company Limited, 7% †..... | 15,000 | .12% |
| Industrial Acceptance Corporation Limited, 5¼% | 55,000 | .79 |
| Texaco Canada Limited, 4%..... | 738 | .03 |
| Trans-Canada Pipe Lines Limited, \$2.75†..... | 20,000 | .69 |
| Zeller's Limited, 4½%..... | 5,000 | .11 |
| Canadian Pacific Railway Company, 4%..... | \$390,000 | .14 |
| TOTAL PREFERRED STOCKS..... | | 1.88% |

BONDS

Principal Amount Approx. Percent.*

| | | |
|--|----------|----------------|
| Canadian National Railway Company, 5½% December 15, 1971..... | \$5,000M | 3.32% |
| TOTAL BONDS..... | | 3.32% |
| TOTAL INVESTMENTS..... | | 89.50% |
| CASH, ETC., NET..... | | 10.50 |
| TOTAL NET ASSETS..... | | 100.00% |

*Approximate percentage of total net assets of \$147,548,770.99 with investments valued at market quotations.

†Convertible.

INVESTMENT CHANGES

MARCH 31, 1970 - JUNE 30, 1970

PURCHASES

COMMON STOCKS

| | Net Increase | New Total |
|---|--------------|-----------|
| Shares | Shares | |
| Bank of Montreal..... | 15,000 | 500,000 |
| The Bank of Nova Scotia..... | 1,000 | 10,000 |
| Banque Canadienne Nationale..... | 10,000 | 60,000 |
| Bell Canada..... | 5,000 | 100,000 |
| Consolidated-Bathurst Limited..... | 50,000 | 100,000 |
| Dome Mines Limited..... | 3,000 | 23,000 |
| Hudson's Bay Oil and Gas Company Limited.. | 13,000 | 25,000 |
| Imperial Oil Limited..... | 11,000 | 387,000 |
| International Business Machines Corporation.. | 1,500 | 4,000 |
| MacMillan Bloedel Limited..... | 10,000 | 210,000 |
| Rio Algom Mines Ltd..... | 44,000 | 50,000 |
| Shell Canada Limited..... | 10,000 | 10,000 |
| Trans-Canada Pipe Lines Limited..... | 20,000 | 130,000 |
| Union Gas Company of Canada, Limited..... | 26,000 | 426,000 |
| Woodward Stores Limited "A"..... | 14,000 | 100,000 |

SALES

COMMON STOCKS

| | Net Decrease | New Total |
|---|--------------|-----------|
| Shares | Shares | |
| The Consumers' Gas Company..... | 10,000 | 250,000 |
| The Toronto-Dominion Bank..... | 40,000 | 50,000 |
| Union Carbide Canada Limited..... | 12,000 | 28,000 |
| Westcoast Transmission Company Limited... | 25,000 | Nil |

PREFERRED STOCKS

| | | |
|--|-------|--------|
| Industrial Acceptance Corporation Limited, 5¼%..... | 5,000 | 55,000 |
| Trans-Canada Pipe Lines Limited, \$2.75†.... | 5,000 | 20,000 |

BONDS

| | Principal Amount | Principal Amount |
|--|------------------|------------------|
| Gov't of Canada, 3½% May 1, 1970..... | \$3,000M | Nil |
| Gov't of Canada, 4¼% Sept. 1, 1972..... | 3,000M | Nil |
| Canadian National Railway Company, 5½% December 15, 1971..... | 3,000M | \$5,000M |

†Convertible.

CANADIAN INVESTMENT FUND, LTD.

STATEMENT OF CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDING JUNE 30, 1970 (and comparative figures for 1969)

| | 1970 | 1969 (Restated) |
|--|------------------------|------------------------|
| Net assets at beginning of period..... | \$171,899,291 | \$184,906,477 |
| Add (deduct) changes during period: | | |
| Net investment income..... | \$ 2,833,912 | \$ 3,056,569 |
| Net realized profits from sales of securities..... | 1,627,859 | 3,750,459 |
| Decrease in unrealized appreciation of investments. | (23,835,892) | (13,740,302) |
| Proceeds from issue of special shares..... | 3,724,487 | 3,923,166 |
| Consideration paid on redemption or purchase for cancellation of special shares..... | (6,408,166) | (10,268,521) |
| Cash dividends paid..... | (2,292,720) | (2,406,975) |
| | <u>\$ (24,350,520)</u> | <u>\$ (15,685,604)</u> |
| Net assets at end of period | <u>\$147,548,771</u> | <u>\$169,220,873</u> |

| | Per share | |
|---|---------------|---------------|
| Net asset value at end of period | <u>\$3.90</u> | <u>\$4.34</u> |
| Net asset value at beginning of period..... | <u>\$4.47</u> | <u>\$4.58</u> |
| Distribution out of net investment income*..... | <u>\$0.06</u> | <u>\$0.06</u> |
| Distribution out of realized profits from sales of securities*..... | <u>Nil</u> | <u>Nil</u> |

*In accordance with Company policy Management and Directors' compensation charged to the Income Account is deemed to have been in effect paid out of profits realized from sales of securities.

Although an effort is made to minimize wide fluctuations in the Fund's quarterly payments, some variations are inevitable. Dividends should be considered on an annual basis.

The long-term dividend record of Canadian Investment Fund, Ltd. has been one of steady growth. Dividends have nearly quadrupled from 1933 to 1969, substantially exceeding the 175% rise in the cost of living index in the same period. Dividends are subject to variation in amount. Annual dividends paid are shown in the following tabulation of payments per share by calendar years:

| | | | | |
|-----------------|-----------------|----------------|-----------------|----------------|
| 1933—\$0.04 1/3 | 1941—\$0.05 3/4 | 1949—\$0.08 | 1957—\$0.12 3/4 | 1965—\$0.15 |
| 1934— 0.04 1/2 | 1942— 0.05 3/4 | 1950— 0.08 1/3 | 1958— 0.11 1/3 | 1966— 0.15 1/2 |
| 1935— 0.04 3/4 | 1943— 0.05 3/4 | 1951— 0.09 1/3 | 1959— 0.12 3/4 | 1967— 0.16 |
| 1936— 0.05 1/3 | 1944— 0.05 3/4 | 1952— 0.09 1/3 | 1960— 0.12 | 1968— 0.15 1/2 |
| 1937— 0.06 3/4 | 1945— 0.05 3/4 | 1953— 0.09 1/3 | 1961— 0.13 | 1969— 0.17 |
| 1938— 0.05 1/3 | 1946— 0.06 3/4 | 1954— 0.09 3/4 | 1962— 0.13 1/3 | |
| 1939— 0.05 1/3 | 1947— 0.06 3/4 | 1955— 0.11 1/3 | 1963— 0.13 3/4 | |
| 1940— 0.05 1/2 | 1948— 0.07 1/3 | 1956— 0.12 3/4 | 1964— 0.14 | |

Net portfolio changes in the second quarter of 1970 are included elsewhere in this report. Also included is a complete list of the Company's investments, showing group diversification and percentages at June 30, 1970. The broadly diversified portfolio contained 48 individual issues. At that date, bonds, preferred stocks and cash, etc., net, amounted to 15.7% of total net assets, with common stocks representing 84.3%.

The additional investors who have recently become shareholders are cordially welcomed. CIF can be acquired through a single purchase of shares or through a Growth Plan, Systematic Withdrawal Plan or Retirement Savings Plan.

At June 30 total net assets of CIF amounted to \$147,548,771. Outstanding shares numbered 37,794,415. The balance of realized profits on sales of investments at midyear stood at \$44,022,033 and, in addition, the quoted market value of investments exceeded their average cost by \$33,242,593.

Yours very truly,

HUGH BULLOCK, *President.*

CANADIAN INVESTMENT FUND, LTD.

C-I-L HOUSE, MONTREAL 101, CANADA

QUARTERLY DIVIDEND

A dividend of four cents (\$0.04) per share, Canadian funds, on the Special and Ordinary shares of your Company was declared by the Board of Directors payable August 1, 1970 to shareholders of record July 15, 1970.

A cheque in payment thereof in respect of shares of record on the Company's books on July 15, 1970 is enclosed or has been paid or forwarded in accordance with shareholders' instructions.

From the dividends to shareholders residing outside of Canada, a deduction of 10% has been made to cover the tax imposed at the source by the Canadian Government on all dividends payable to non-residents of Canada. A certificate covering any such deductions will be sent to non-residents soon after the end of the year to assist them in claiming whatever credit against the tax payable to their Government arises from the payment of this tax to Canada.

July 31, 1970

To the Shareholders :

Your Company's 150th consecutive quarterly cash dividend is being distributed on August 1, 1970 to shareholders, large and small, individuals in practically every walk of life and institutions. Total cash dividends paid in 1969 amounted to \$6,666,245 and since organization exceed \$100,000,000.

The current dividend of 4 cents per share is 1 cent higher than the dividend paid on May 1, 1970 and is the same as the amount paid on August 1st last year. This brings the total amount per share paid for the first three quarterly dividends this year to 10 cents, which is the same amount as the dividends paid in the corresponding period last year. Total payments per share in 1968 amounted to 15½ cents and in 1969 reached a new record total of 17 cents.

CANADIAN INVESTMENT FUND, LTD.

STATEMENT OF INCOME ACCOUNT FOR THE SIX MONTHS ENDING JUNE 30, 1970 (and comparative figures for 1969)

| | 1970 | 1969 |
|--|--------------------|--------------------|
| Income: | | |
| Cash dividends..... | \$2,658,390 | \$2,685,482 |
| Bond interest..... | 288,599 | 515,098 |
| Interest on cash deposits..... | 378,376 | 285,377 |
| Proceeds - dividends in stock, and rights..... | 41,843 | 148,830 |
| | <u>\$3,367,208</u> | <u>\$3,634,787</u> |
| Expenses: | | |
| Management..... | \$ 267,988 | \$ 301,966 |
| Transfer, dividend paying agent's and custodian's fees | 28,675 | 30,207 |
| General expenses and auditors' fees..... | 62,010 | 51,425 |
| Taxes, other than income taxes | 1,991 | 3,179 |
| Legal fees and expenses..... | 9,747 | 8,113 |
| Directors' compensation..... | 42,750 | 40,625 |
| | <u>\$ 413,161</u> | <u>\$ 435,515</u> |
| Net income before providing for the items shown below | \$2,954,047 | \$3,199,272 |
| United States withholding and Canadian income taxes paid and provided for..... | <u>120,135</u> | <u>142,703</u> |
| Net income, exclusive of profit or loss from sales of securities..... | <u>\$2,833,912</u> | <u>\$3,056,569</u> |

CIF BUYS ENERGY STOCKS

In the past quarter your Company bought stocks, stocks which we think represented unusual value, particularly at the depressed levels that prevailed in the last half of May. In the two weeks preceding the May 26th market low your Company invested almost \$2½ million in common stocks.

You will notice several additions to your portfolio in the energy field.

Canada's population is growing at 2% per year and Canadian energy consumption is growing at 4-5%, or doubling every fifteen years. Greater utilization of energy provides improved transportation and hence more mobility and physical freedom for the individual. But above all it performs the tasks which permit a reduction of human labour and a reallocation of human resources to creative work and leisure.

Proven oil reserves in Canada are equivalent to over 20 years consumption at present rates and have remained relatively stable during the past five, in spite of rising exports. Yet United States proven domestic reserves have fallen below 10 years consumption. The shortage of natural gas in the U.S. also appears to be serious, so that Canadian energy resources will become increasingly valuable over time, unless gigantic unforeseen discoveries are made. The same is true of other sources of energy such as uranium. As North Americans further improve their living standards, energy consumption will continue to rise at a rate that exceeds population growth.

**CANADIAN
INVESTMENT
FUND LTD.**
INCORPORATED 1932



Directors

GRAHAM F. TOWERS, C.C., C.M.G., Chairman
Former Governor, Bank of Canada.
Director, Moore Corporation Limited.

DAVID W. BARR
President, Moore Corporation Limited.

HENRY BORDEN, C.M.G., Q.C.
Director, Bell Canada.

HUGH BULLOCK, K.B.E.
Chairman and Chief Executive Officer,
Calvin Bullock, Ltd., New York.

ALAN CHIPPINDALE
Former President, Calvin Bullock, Ltd., Mtl.
Founding past President of The Canadian
Mutual Funds Association.

NORRIS R. CRUMP
Chairman, Canadian Pacific Railway Company.

G. BLAIR GORDON
Director, The Royal Trust Company.

G. ARNOLD HART, M.B.E.
Chairman and Chief Executive Officer,
Bank of Montreal.

WILLIAM S. KIRKPATRICK
Chairman, Cominco Ltd.

LUCIEN G. ROLLAND
President, Rolland Paper Company Limited.



Supervised by
CALVIN BULLOCK
LTD.
Established 1894